



Gardeen Housing Association Ltd
Building a Better Future



Business Plan

2024/25 to 2026/27

Executive Summary

Approved by the Management Committee, June 2024

Overview and Summary

Introduction

Gardeen Housing Association (Gardeen) has produced this Business Plan to set out our overall vision and direction for the period 2024-2027, and the plans and priorities that will help to achieve these. The Business Plan will inform Gardeen's services to our tenants and residents, and our relationships with funders, regulators, and partner organisations.

The Association and its Services

Gardeen operates in the Barlanark neighbourhood in Greater Easterhouse.

- Gardeen owns and manages 253 homes for social rent, as well as factoring 17 properties in private ownership.
- We are a significant social business, having served the Barlanark community for more than 30 years. We have an annual cash turnover approaching £1.2 million.
- We are led by an experienced and committed Management Committee, made up of local residents who volunteer for the benefit of the community.
- Gardeen employs 5 members of staff, led by our Director who is responsible for the day to day management of the Association.

Gardeen provides a comprehensive range of services, all of which are focused 100% on the needs of our tenants and community. These services include tenancy and neighbourhood management, repairs and property management, asset management and investment in tenants' homes, environmental works, income maximisation and factoring.

The Association's History and Achievements

Gardeen was established in 1991 when a group of local residents association formed a housing association, to tackle the poor housing, social and environmental conditions in the area.

At that time, tenants in our area lived in cold and damp houses that were of a very poor standard. Many tenants had left the area because of its decline, and there were serious issues with antisocial behaviour and criminality.

With support from government, Gardeen took ownership and control of the houses in the area from Glasgow City Council. We then carried out a comprehensive programme of housing renewal, providing a mix of improved and new build homes.

We also introduced local control over housing and neighbourhood services. A commitment to finding local solutions to problems or issues continues to be at the heart of our work.

Community leadership and control has been the foundation for our success, and we are determined this will continue to be the case in the future.

Business Plan: Key Highlights



The Management Committee's vision is that:

The Barlanark community is a safe and inclusive place where people are proud to live, with good housing, an attractive environment that is clean and well cared for, and better opportunities to help local people to achieve a good quality of life.

Gardeen's Strategic Direction

The overall path Gardeen will take between 2024 to 2027 is to:

- 1** Consolidate and improve our core business as a social landlord, through service excellence and investment in tenants' homes.
- 2** Preserve community ownership of Gardeen's assets and our status as a fully independent and thriving community-controlled housing association.
- 3** Act as an effective community anchor organisation for the Barlanark community, working closely with partners and the community for the benefit of Gardeen residents.
- 4** Seek opportunities for modest growth through new housebuilding, based on acceptable partnership arrangements and rigorous financial and risk appraisals. We will only proceed with opportunities that satisfy all of these conditions.

Gardeen's Strategic Objectives 2024 to 2027

Over the next three years, the Management Committee has set the following objectives:

- 1** To provide a quality, personal service that tenants and residents value highly and that helps to foster pride in our community.
- 2** To provide affordable homes that are managed and maintained to high standards.
- 3** To manage and invest in tenants' homes so that they are safe, warm and in good condition and meet all statutory and regulatory requirements.
- 4** To maintain constructive engagement with our tenants and be directly accountable to them.
- 5** To work with the community and local partners, to support activities and services that residents and the community need. (This is usually referred to as "wider role").
- 6** To maintain our capacity to deliver for tenants and the community by ensuring we are well-governed, financially resilient, and prudent in our management of risks.

The Business Plan sets out the results ("outcomes") that Gardeen will be working to achieve to achieve these aims over the next three years, as well as detailed action plans for the first year of the Plan in 2024/25. The rest of this Summary sets out a selection of Gardeen's priorities for 2024/25.

Activity Area	Key Priorities 2024/25
Rents and Affordability	<ul style="list-style-type: none"> • Ensure that 2024/25 rents are competitive and affordable. Check that rents are generally no more than 25% of household income (income from earnings and any Universal Credit that is due) for working households. • Raise sufficient rental income to provide services and maintain tenants' homes and keep Gardeen in good financial health. Consult tenants on increases that will be needed in the early years of the financial projections to support these outcomes. • Continue intensive rent arrears management, to preserve Gardeen's income and provide tenants with support with paying their rent.
Gardeen's Housing and Repairs Services	<ul style="list-style-type: none"> • Deliver housing and property services to a high standard, measured against Gardeen's key performance indicators, tenant satisfaction information and comparison with other landlords. • Demonstrate value for money through good control over rent collection, void management, and estate and property expenditure. • Maintain housing in accordance with all applicable legal obligations, particularly in relation to the health and safety of our tenants. • Maintain estate management standards to the level that the community now expects. • Complete Gardeen's next Tenant Satisfaction Survey (2024), seeking tenants' views about our performance, value for money and tenants' priorities for the future. • Continue to provide accommodation for homeless people, and work with GCC to achieve improvements in the Section 5 referral process and the associated outcomes for homeless people. • Work with EHRA partners to develop a new joint housing application form.
Asset Management and Investment in Tenants' Homes	<ul style="list-style-type: none"> • Maintain accurate, up to date stock condition and life cycle costings information. • Deliver our investment programme priorities for 2024/25 (Phase 2 window replacements). • Keep the costs of works planned between 2025/26 to 2028/29 under review, and ensure that the remaining parts of the programme can be delivered successfully. • Monitor Scottish Government progress in finalising its Social Housing Net Zero Standard (SHNZS). Prepare a Gardeen Position Statement on what we know about standards, costs, technologies, funding etc, as the first step towards a future plan when the SHNZS proposals have been turned into firm requirements. • Participate in GCC and HA energy efficiency/net zero networks, and with together with EHRA partners liaise with GCC on its proposals for local heat networks. • Continue discussions regarding a developer-owned site in Gardeen's area of operation, to establish scope for a development partnership on acceptable terms that minimise risk to Gardeen. • Acquisition of properties in the private rented sector to alleviate the homeless emergency. • Continue to carry out quality scoring work for contractors that are on Gardeen's maintenance framework.

Activity Area	Key Priorities 2024/25
Community Regeneration	<ul style="list-style-type: none"> • Provide a Community Support Service, in particular promoting volunteering within the community and working with partners to support or provide local services. • Continue to offer tenants a local welfare benefits advice service. • Encourage and assist the community to develop the community garden project. • Provide cost of living support to residents, accessing external funding for this purpose.
Value for Money	<ul style="list-style-type: none"> • Continue to compare Gardeen's service results, rents, and costs with other social landlords (Easterhouse and more widely), maintaining Gardeen's strong performance profile. • Follow up the completed results from the 2024 Tenant Satisfaction Survey, to discuss and take forward with tenants the survey findings. • Work with EHRA partners to secure future financial audit and internal audit services. • Seek efficiencies in property management services (e.g. assisted close cleaning and garden maintenance lists; and tenant education about the cost of services). • Review current service contracts for financial and maintenance services.
Governance and Organisational Management	<ul style="list-style-type: none"> • Develop a new 3-year Business Plan, including a strategic options appraisal. • Preserve Gardeen's status as an independent housing association serving the Barlanark community. • Commission and complete an external governance review. • Conduct our 2024 self-assurance exercise against Scottish Housing Regulator requirements. • Maintain governance oversight of Gardeen's performance in meeting its obligations for ensuring tenant health and safety. • Support committee member training and development, with topics that reflect Gardeen's current business needs and operating environment. • Meet all of Gardeen's regulatory obligations. • Phased implementation of staff succession plan and new staffing structure which will reduce management costs from 2025/26. • Complete all necessary IT upgrades (Secure Cyber Essentials). • Monitor Gardeen's exposure to external risks and implement appropriate mitigation measures where this is possible.
Financial Management	<ul style="list-style-type: none"> • Ensure Gardeen's local covenants are satisfied in full. • Continue to monitor and review borrowing options available for future planned maintenance works, if required (e.g. in response to additional requirements associated with net zero standards, when confirmed by Scot Gov) . • Ensure Gardeen's financial projections are robust and demonstrate continued financial viability. Stress test the projections against future risk factors and ensure we have reliable data about income and costs.

Financial Projections and Risks



Gardeen is a successful social business with a track record of financial sustainability spanning more than 30 years.

Strong financial management will continue to be of the highest importance, all the more so due to recent high inflationary pressures and the impact this has had on repairs and maintenance costs.

Our financial projections confirm that Gardeen is in a healthy financial position, with low levels of debt, no onerous loan covenants, reasonable cash reserves, and positive future cashflows.

Currently, the financial “base case” in the Business Plan envisages that all of the activities and costs set out in the Plan will be funded through revenue and cash reserves rather than additional borrowing. From year 7, all loans will be repaid and from year 12 cash increases significantly.

Like all housing associations, Gardeen is working in an environment that involves considerable financial risks and financial challenges. Accordingly, we have conducted a series of stress tests to establish the Business Plan’s resilience should potential specific challenges arise. While the base case shows that Gardeen would continue to have annual cash balances of at least £431,000, there are several scenarios that would have an adverse effect on the Association. These include:

- Expenditure to achieve net zero standards on all of our properties
- Significant increases in our reactive or major repairs costs
- Increases in the Association’s management costs.

Each of these factors represents something that could potentially happen, rather than something we are sure will happen. If they were to occur, they would reduce the Association’s future cashflows. If all factors were to be present at the same time, the viability of the Association could be threatened with negative cash balances occurring between year 7 and 20.

The Plan allows for real term increases in rent levels in years 2 to 5 to maintain a satisfactory cash position. It is possible that further real terms increases would need to be considered in future years depending on future trends in the Association’s costs. There is some scope to achieve this since Gardeen’s current rent levels are exceptionally low in comparison with those of other landlords. Equally, the Management Committee is always very mindful of the impact of rent increases on tenants and this will continue to be the case.

Should extreme difficulties occur, there would be other options available to explore. These include increased borrowing, changes to planned maintenance programmes, and seeking Scottish Government funding towards net zero costs.

If ScotGov does not provide such funding, it is potentially threatening the viability of many social landlords and making an already difficult set of economic and other pressures much harder to manage.

Gardeen’s broad assessment of net zero costs is summarised below:

Scenario	Year 1	Year 30	Years with negative cash balance
1 Assuming £10k costs and no ScotGov grant	£793k	£2.92m	17 years • Peak deficit: minus £2.85m
2 Assuming £10k costs and £5k ScotGov grant	£793k	£6.26m	5 years • Peak deficit: minus £883k
3 Base case (no net zero costs included)	£793k	£8.78m	0 years

Under the first of these scenarios (no ScotGov funding), and in order to arrive at a similar year 30 position as the base case, the real rent increases needed in years 2 to 5 would need to be around 13.5% as opposed to the present base case assumption of 5.5%.

ScotGov’s failure to act on calls to prioritise funding for net zero is difficult to fathom. Unless it changes course, social landlords and tenants will be placed in great difficulty and the achievement of net zero policy aims will be at substantial risk.

Strategic Options Appraisal



Gardeen has completed a Strategic Options Appraisal as part of the Business Plan, to meet the requirements of the Scottish Housing Regulator (SHR). The Appraisal examined whether our current organisational form as an independent community-based housing association is the best way of meeting tenants' needs in future, or whether we should consider other options involving partnerships with larger landlords, for example by becoming a subsidiary in a group structure or being "taken over" in a merger led by a larger landlord.

The Management Committee's clear preference is that Gardeen should remain an independent local landlord, and that we will continue to work with other Greater Easterhouse housing associations on particular services or projects where this will be of benefit to our tenants and community. The Management Committee's preference for continued independence is based on strong evidence:

- Gardeen's performance in providing housing and maintenance services is vastly superior to that of a grouping of 9 large landlords we compared ourselves with.
- Gardeen's average rents are £20 to £25 a week less than those of the 9 large organisations, depending on the size of house.
- Gardeen has high levels of tenant satisfaction – again, we perform much better than the large organisations.
- We are investing in tenants' homes and will continue to do so as set out in the Business Plan. Our financial projections show that we can resource these plans.
- From challenging beginnings, we have helped make our area a stable community where people choose to live. We also have very high demand for our housing from people on the housing list.
- We work hard to look after the local environment and encourage other responsible agencies to meet their responsibilities.
- We have a capable Management Committee who are strongly committed to achieving the best for Gardeen's tenants and the community.
- Gardeen has never been the subject of any action taken by the Scottish Housing Regulator. We pride ourselves in being well-governed and well-managed.

The Business Plan also recognises that social landlords, including Gardeen, face a number of challenges and that these need to be factored in to both planning and delivery. For example, the cost of living crisis is continuing to cause hardship among tenants, the costs of reactive and major repairs have risen sharply, the future economic outlook is uncertain, and social landlords will be required to meet higher energy efficiency standards and achieve "net zero" possibly without financial assistance from government. The risks associated with these and other external factors are set out in the Business Plan, along with how Gardeen will respond.



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